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C O N F I D E N T I A L SECTION 01 OF 05 PARIS 18692

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TAGS: PGOV, PINT, FR

SUBJECT: GISCARD'S FIRST 60 DAYS: BEGINNING OF A NEW
POLITICAL BALANCE OF FORCES

REFS: (A) PARIS 12986; (B) PARIS 13270; (C) PARIS 13771;
(D) PARIS 14316; (E) PARIS 17560; (F) PARIS 17561;
(G) PARIS 18063 (NOTAL); (H) PARIS 18112 (NOTAL);
(I) PARIS 18230

1. SUMMARY: GISCARD'S EMERGING POLITICAL STRATEGY IS TO CREATE BROAD-BASED PUBLIC SUPPORT OVER NEXT 18-24 MONTHS BY PROJECTING IMAGE OF CONCERNED, ACTIVE REFORMER. LEGISLATIVE ELECTIONS WOULD FOLLOW DESIGNED TO GIVE GISCARD NEW PARLIAMENTARY MAJORITY SPANNING CENTER-LEFT, CENTER AND RIGHT, LEAVING IN OPPOSITION ONLY SMALL GROUP OF HARDCORE UDR (GAULLIST) DEPUTIES PLUS SOCIALIST/COMMUNIST UNION OF THE LEFT. MOST LIKELY UNITED LEFT REACTION WILL BE CREATION OF A COUNTER PROGRAM TO GISCARD'S SOCIAL AND ECONOMIC PLANS. SUCCESS OF GISCARD'S SCENARIO WILL DEPEND ON GOF'S ABILITY TO (A) MAINTAIN GROWTH AND FULL EMPLOYMENT; (B) COMBAT INFLATION AND TRADE DEFICIT, AND (C) FULFILL CAMPAIGN PROMISE TO IMPROVE INCOME DISTRIBUTION AND INDUSTRIAL DEMOCRACY. END SUMMARY.

2. GISCARD'S POSITION. TWO MONTHS AFTER THE ELECTIONS, GISCARD HAS COME THROUGH HIS SHAKEDOWN PERIOD WITH FLYING COLORS, CURBED UDR DOMINATION OF THE MAJORITY COALITION IN THE ASSEMBLY, AND ASSERTED HIS AUTHORITY OVER FRENCH POLITICS. HE HAS MADE NO MAJOR ERRORS DURING HONEYMOON PERIOD. HE HAS PROPOSED SOCIAL AND ECONOMIC MEASURES WHICH ARE A FIRST STEP IN REDEEMING HIS CAMPAIGN PROMISES, BUT IT IS NOT YET CLEAR HOW FAR HE REALLY INTENDS, OR WILL BE ABLE TO GO IN HIS PROMISED REFORM OF SOCIAL AND ECONOMIC STRUCTURE.

3. NEW STYLE AND PUBLIC REACTION. GISCARD HAS CONTINUED THE INNOVATIONS IN STYLE THAT BEGAN WITH THE INFORMALITY OF HIS INAUGURAL CEREMONY (REFTEL A). THESE HAVE BEEN WELL RECEIVED BY MOST FRENCHMEN, FED UP WITH THE POMPOSITY OF THE POMPIDOU REGIME, ALTHOUGH A
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MINORITY CONTINUES TO CRITICIZE GISCARD'S INFORMALITY AS UNNATURAL, NOT IN KEEPING WITH HIS PATRICIAN BACKGROUND, AND CALCULATED TO CURRY PUBLIC FAVOR. HIS MOVE OF THE TRADITIONAL JULY 14 BASTILLE DAY PARADE FROM THE FASHIONABLE CHAMPS-ELYSEES TO THE WORKERS' QUARTER OF THE PLACE DE LA BASTILLE, LONG USED BY LEFT AND UNIONS FOR POLITICAL DEMONSTRATIONS, WAS A POPULAR SUCCESS.

4. GISCARD'S STRATEGY. THE MAIN ELEMENTS OF GISCARD'S POLITICAL STRATEGY ARE RAPIDLY BECOMING CLEAR. (OUR HYPOTHESIS HAS BEEN LARGELY CONFIRMED BY THE AMBASSADOR'S RECENT CONVERSATIONS WITH SOME OF GISCARD'S CLOSEST AND MOST INFLUENTIAL ADVISORS: SEE REFTELS B, G, AND H). GISCARD IS AIMING TO DAMPEN GAULLIST RESENTMENT AND KEEP THEIR ASSEMBLY SUPPORT WHILE GRADUALLY BRINGING THEM UNDER CONTROL. TO ACHIEVE THIS, HIS STRATEGY IS TO:

--BEGIN HIS REFORMS WITH POPULAR, HIGHLY VISIBLE MEASURES WHICH THE GAULLISTS CANNOT OPPOSE;
--OFFER FURTHER ECONOMIC AND SOCIAL REFORM MEASURES WHICH WILL BE IN CONSONANCE WITH PROGRESSIVE TRADITION OF GUALISM AND HENCE INSURE UDR SUPPORT OF THE GOVERNMENT;
--AVOID ANY SHARP DEVIATIONS FROM GAULLIST DOCTRINE,

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ESPECIALLY IN FOREIGN AND DEFENSE POLICY;
--STRENGTHEN AND EXPAND THE IR;
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--FUSE THE CENTRISTS AND THE IR INTO A CONFEDERATION
OF CENTER PARTIES;
--BLOCK JOBERT'S EFFORTS TO BUILD A CENTER-LEFT
POLITICAL MOVEMENT;
--CO-OPT UDR DEPUTIES VULNERABLE TO BOTH SEDUCTION
BY PATRONAGE AND POSSIBLE DEFEAT IF OPPOSED BY GISCARD'S
CANDIDATES IN NEXT ELECTIONS;
--ATTEMPT TO REDUCE INFLATION WHILE MAINTAINING
GROWTH AND FULL EMPLOYMENT;
--WAIT 18-24 MONTHS BEFORE DISSOLVING THE PRESENT
ASSEMBLY, THEREBY MINIMIZING THE LEFT'S CHANCES IN THE
ENSUING ELECTIONS WHILE GIVING ANTI-INFLATION MEASURES
TIME TO TAKE FULL EFFECT.

IF SUCCESSFUL, THE RESULT WOULD BE A GISCARDIAN
MAJORITY SPANNING THE CENTER-LEFT, CENTER AND RIGHT,
LEAVING IN OPPOSITION ONLY A SMALL GROUP OF HARDCORE
UDR DEPUTIES PLUS THE SOCIALIST/COMMUNIST UNION OF THE LEFT.

5. ELECTION POLL. NO ONE WANTS ELECTIONS NOW. SOFRES
POLL (NOUVEL OBSERVATEUR JULY 8), TAKING ACCOUNT OF 18-21
YEAR OLD VOTERS, CONCLUDED THAT IF LEGISLATIVE
ELECTIONS WERE HELD NOW, THE LEFT WOULD RECEIVE 51
PERCENT (SOCIALISTS AND LEFT RADICALS 27, COMMUNISTS 21,
AND EXTREME LEFT 3), WHILE PRESENT MAJORITY WOULD
RECEIVE 49 PERCENT (IR 24, UDR 13, CENTRISTS 12). THIS
WOULD NOT AUTOMATICALLY TRANSLATE INTO A LEFT MAJORITY
OF ASSEMBLY SEATS, AS THE LEFT IS WELL AWARE, BUT IT WOULD
WEAKEN CONSIDERABLY THE PRESENT MAJORITY COALITION.

6. INITIAL SOCIAL MEASURES. GISCARD UNDERSTANDS THE NECESSITY FOR BROADENING HIS BASE OF SUPPORT AS SOON AS POSSIBLE. THUS HIS INITIAL SOCIAL MEASURES HAVE BEEN AIMED LARGELY AT YOUTH AND WHILE LIBERAL, DID NOT RISK TOTALLY ALIENATING HIS CONSERVATIVE WING. HE HAS REDUCED THE VOTING AGE FROM 21 TO 18 (INSTEAD OF 19 AS HE ANNOUNCED HE FAVORED DURING THE CAMPAIGN); MADE CONTRACEPTIVE DEVICES MORE WIDELY AVAILABLE AND REIMBURSABLE UNDER SOCIAL SECURITY; AND STRUCK A BLOW FOR ENVIRONMENT IN OPPOSING THE PARIS CITY COUNCIL PROJECT FOR BUILDING AN EXPRESSWAY ON THE SEINE LEFT BANK.
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7. CONSTITUTIONAL REFORM. SINCE GAULLISTS TEND TO VIEW TAMPERING WITH THE 1958 CONSTITUTION AS SACRILEGIOUS, GISCARD HAS CAREFULLY CALCULATED HIS INITIAL CONSTITUTIONAL REFORMS SO AS NOT TO PROVOKE A POLITICAL BATTLE. HIS MODEST PROPOSALS ARE LIMITED TO THREE: A SYSTEM OF AUTOMATICALLY REPLACING THE "SUPPLEANT" (PARLIAMENTARY SUBSTITUTE) BY FORMER MINISTER OR STATE SECRETARY SIX MONTHS AFTER THE LATTER LEAVES THE GOVERNMENT; A LIMITED ENLARGEMENT OF THE SCOPE OF THE CONSTITUTIONAL COUNCIL; AND STRICTER REQUIREMENTS FOR PRESIDENTIAL CANDIDATES TO LESSEN THE NUMBER OF FRINGE CANDIDATES. ON THE MORE FUNDAMENTAL ISSUE OF REDUCTION IN THE LENGTH OF THE SEVEN-YEAR PRESIDENTIAL TERM, GISCARD WILL MOVE SLOWLY, MINDFUL OF POMPIDOU'S EXPERIENCE IN PROPOSING REDUCTION AND THEN BEING UNABLE TO GET NECESSARY THREE-FIFTHS VOTE IN PARLIAMENT. IN THIS CONNECTION, IT WAS INTERESTING THAT GISCARD AT HIS JULY 25 PRESS CONFERENCE (REFTEL 1) AVOIDED FOLLOWING POMPIDOU'S EXAMPLE OF FAVORING A FIVE-YEAR TERM BUT TOOK A MORE NUANCED POSITION FAVORING AN EVENTUAL REDUCTION TO EITHER FIVE OR SIX YEARS.

8. ORTF REORGANIZATION BILL. GISCARD'S HANDLING OF THE TELEVISION REFORM BILL IS ANOTHER EXAMPLE OF HIS EMERGING POLITICAL STRATEGY. THE BILL PRESERVES THE GOVERNMENT'S TV MONOPOLY -- A SACRED GAULLIST PRINCIPLE. BUT WITHIN THE MONOPOLISTIC FRAMEWORK, GISCARD IS DISMANTLING THE EXISTING STRUCTURE AND IS ACHIEVING A DRASTIC REORGANIZATION WHICH COULD RESULT IN SIGNIFICANT CHANGE. THE JULY 25 ASSEMBLY VOTE ON THE ORTF BILL -- 290 TO 183 ALONG STRAIGHT PARTY LINES -- DEMONSTRATED GISCARD'S ABILITY TO KEEP THE UDR IN LINE ON CRUCIAL VOTES.

9. NUCLEAR TESTING POLICY. IN THE FOREIGN POLICY AREA, A PRIME EXAMPLE OF GISCARD'S STRATEGY IS HIS DECISION TO CON-

TINUE THE GAULLIST DOCTRINE OF ATMOSPHERIC NUCLEAR
TESTS IN THE PACIFIC THIS YEAR, BUT AT THE SAME

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TIME TO ANNOUNCE THAT CURRENT TEST SERIES WOULD BE THE
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LAST IN THE ATMOSPHERE. THIS CLEVERLY AVOIDED A CLASH
BETWEEN THE GOVERNMENT AND THE GAULLIST ULTRAS AND THE
FRENCH MILITARY, WHILE TAKING MUCH OF THE HEAT OUT OF
THIS YEAR'S INTERNATIONAL PROTESTS FROM COUNTRIES SUCH
AS AUSTRALIA AND NEW ZEALAND. THIS WEEK GISCARD IS
TACKLING ANOTHER GAULLIST SACROSANCT AREA-- DEFENSE POLICY.
AFTER NOTING IN HIS PRESS CONFERENCE THAT FRANCE'S
BASIC STRATEGIC CHOICES WERE MADE IN 1960 (IMPLYING
THEY COULD BE OBSOLETE) HE AND CHIRAC HAVE CONTINUED TO
MAKE STATEMENTS SUPPORTING A STRONG DEFENSE ESTABLISHMENT.

10. ECONOMIC MEASURES. THE GROWTH-INFLATION DILEMMA.
THE SUCCESS AND EXTENT OF PRESIDENT GISCARD'S ECONOMIC
MEASURES WILL TEST BOTH HIS GOVERNMENT'S EFFICACY AND
THE MEANINGFULNESS OF ITS COMMITMENT TO REFORM. THE
GOF - WITH GISCARD AS FINANCE MINISTER - WAS NOT ABLE
TO REDUCE INFLATION WHILE CLINGING TO ITS OVERRIDING
GOAL OF MAINTAINING A HIGH GROWTH RATE AND HENCE INSUR-
ING FULL EMPLOYMENT. GISCARD'S ANTI-INFLATIONARY
MEASURES HAVE BEEN MORE HIGHLY TOUTED AND ARE IN FACT
TOUGHER THAN THOSE OF THE PAST; THE CORPORATE PROFITS
SURTax, AND ABOVE ALL GOVERNMENT'S TIGHTENING OF EN-
FORCEMENT OF CREDIT RESTRICTIONS HAVE BEGUN TO PRODUCE
APPROPRIATE PROTESTS IN BUSINESS CIRCLES. GOVERNMENT'S
HOPE IS THAT FOREIGN DEMAND (EXPORTS) CAN BE SUBSTITUTED
FOR DOMESTIC DEMAND REDUCED BY THESE PROGRAMS, THUS
ATTAINING THREE FOLD GOAL OF SUSTAINING PRODUCTION,
CUTTING INFLATION AND REDUCING FRANCE'S TRADE DEFICIT.
POSSIBILITIES OF SUBSTANTIAL EXPORT EXPANSION, AND
DEGREE OF SUBSTITUTIBILITY OF FOREIGN FOR DOMESTIC
DEMAND ARE NOT YET CLEAR. IF PLAN DOES NOT SUCCEED,
GOVERNMENT MAY HAVE TO FACE UP TO CHOICE OF INTENSIFYING
ITS MEASURES TO COOL OFF ECONOMY OR, AS IS MORE LIKELY,
HOPING THAT OTHER FACTORS, SUCH AS A CONTINUED REDUCTION
IN RAW MATERIALS PRICES OR SOME DIRECT EFFECTS OF ITS
VARIOUS NEW PRICE CONTROL MEASURES, WILL PROVIDE SUFFICIENT
SLOWDOWN IN PRICE INCREASES TO GIVE ANTI-INFLATION
POLICY APPEARANCE OF SUCCESS.

11. ECONOMIC JUSTICE. GISCARD IS MOVING IN TWO GENERAL
AREAS TO FULFILL PROMISES FOR A MORE EQUITABLE ECONOMIC
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SYSTEM. TO ENHANCE THE STATUS AND CONDITION OF THE WORKINGMAN, HE WILL IMPROVE UNEMPLOYMENT BENEFITS, REDUCE THE PROBLEMS CAUSED BY MASS LAYOFFS, AND INCREASE TRAINING AND JOB IMPROVEMENT POSSIBILITIES FOR YOUNG PEOPLE. BUSINESS AND LABOR WILL JOIN GOVERNMENT IN SEEKING WAYS TO ENRICH JOB CONDITIONS. MOST IMPORTANT, A COMMISSION(THE SUDREAU COMMISSION) HAS BEEN FORMED TO FIND WAYS TO GIVE WORKERS A REAL VOICE IN MANAGEMENT DECISIONS, BREAKING EQUATION BETWEEN OWNERSHIP AND THE MONOPOLY ON DECISION MAKING. TO REDUCE THE GAP BETWEEN HIGH AND LOW INCOMES, WHICH GISCARD ADMITS IS GREATER IN FRANCE THAN ELSEWHERE IN THE EUROPEAN COMMUNITY, HE HAS INCREASED THE MINIMUM WAGE, OLD-AGE PENSIONS AND FAMILY ALLOWANCES TO HELP RAISE THE LOWEST LEVELS. HIGHEST LEVELS WILL BE HIT WITH STRENGTHENED MEASURES AGAINST INCOME TAX FRAUD AND A CAPITAL GAINS TAX WHICH GISCARD HAS ASKED PRIME MINISTER CHIRAC TO PREPARE FOR IMPLEMENTATION BEGINNING IN 1976. THESE MEASURES, HOWEVER, HARDLY CONSTITUTE THE OVERHAUL OF FRENCH SOCIETY GISCARD HAS PROMISED. GISCARD ONCE SAID THE BEST REFORMS ARE THOSE WHICH DO NOT AFFECT THE POCKETBOOK. WHERE THIS APPLIES (SEE PARAS. 6-8) GISCARD HAS DEMONSTRATED A GENUINE LIBERALISM. BUT ECONOMIC REFORMS DO COST MONEY, AND, IN THE CASE OF INDUSTRIAL DEMOCRACY, THREATEN THE POWER THAT MONEY REPRESENTS AS WELL. MR. POSTEL-VIMAY'S RESIGNATION HIGHLIGHTS LIMITS ON THE GOVERNMENT'S WILLINGNESS TO EXPAND EXPENDITURES TO HELP FRANCE'S MOST UNDERPRIVILEGED RESIDENTS -- THE IMMIGRANT WORKERS. THE EFFORTS OF THE SUDREAU COMMISSION WILL LIKELY GO NO FURTHER THAN DID DE GAULLE'S CALL FOR PARTICIPATION. BEYOND THESE, IF THE GOVERNMENT WISHED TO PURSUE ITS COMMITMENT TO ECONOMIC EQUALITY AND OPPORTUNITY TO ITS LOGICAL CONCLUSIONS, IT WOULD HAVE TO OVERHAUL FRANCE'S HYPER-ELITIST EDUCATIONAL SYSTEM, WHICH WOULD BE BOTH COSTLY AND CONTROVERSIAL. ANY POLITICIAN WOULD HESITATE TO DO THIS. GISCARD, A PRODUCT OF THAT SYSTEM AND A CONSERVATIVE WITH A CONSERVATIVE ELECTORATE, WOULD HESITATE EVEN MORE. THE FIRST 60 DAYS HAVE THUS BEGUN WITH PROGRESSIVE, BUT RELATIVELY CAUTIOUS MOVES. MORE MAY BE EXPECTED, BUT IT IS STILL MOOT HOW MUCH REAL "CHANGE" GISCARD WILL BE

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ABLE OR WILLING TO RING ABOUT.

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12. FARM PROBLEMS. FRENCH FARMERS, ESPECIALLY LIVE-STOCK, FRUIT AND WINE PRODUCERS, HAVE LAUNCHED A PROGRAM OF HARASSMENT OF PUBLIC OFFICIALS, INCLUDING BLOCKING MAIN ROADS, TO EMPHASIZE THE "INTOLERABLE" COST-PRICE SQUEEZE THEY ARE IN. PRODUCTION COSTS, MAINLY PETROLEUM AND FERTILIZER, ARE UP 25 PERCENT; PRICES FOR FARM PRODUCTS ARE DOWN DUE TO INCREASED SUPPLIES AND DECLINE IN CONSUMER PURCHASING. GOF MEASURES OUTLINED JULY 17 (REFTEL E) TO QUIET FARMER UPRISING HAVE BEEN ONLY PARTIALLY SUCCESSFUL, AND MAY BE IN CONFLICT WITH ROME TREATY AS WELL. DEMONSTRATIONS ARE EXPECTED TO INCREASE DURING SEPTEMBER AS FARM GROUPS BACK UP GOF DEMARCHES FOR HIGH EC PRICE GUARANTEES. GISCARD AND CHIRAC MAY SOON FIND THEMSELVES CAUGHT BETWEEN DESIRE TO HOLD THEIR AGRICULTURAL ELECTORATE AND THE EXIGENCIES OF FRANCE'S ANTI-INFLATIONARY POLICY AND MEMBERSHIP IN THE COMMUNITY.

13. UDR. IN ONLY TWO MONTHS GISCARD HAS GONE FURTHER TOWARD CONSOLIDATING CONTROL OVER UDR DEPUTIES THAN MANY THOUGHT POSSIBLE. IF HE HAS NOT WON THEIR ENTHUSIASM, HE HAS AT LEAST ASSURED THEIR GRUDGING SUPPORT. THE UDR WAS BEATEN WHEN CHABAN-DELMAS WAS CRUSHED IN THE FIRST ELECTION ROUND MAY 5. BY FAILING TO NAME A SINGLE PROMINENT UDR FIGURE TO HIS CABINET, GISCARD SERVED NOTICE TO THE GAULLIST OLD GUARD -- AS HE DID WITH HIS DESIGNATION OF CHIRAC AS PRIME MINISTER -- THAT THEY MUST SUPPORT HIM OR BRING ABOUT NEW LEGISLATIVE ELECTIONS IN WHICH THEY WOULD LOSE SEATS. YET STARTING WITH CHIRAC'S JUNE 5 POLICY DECLARATION TO THE ASSEMBLY (REFTEL C), GISCARD AND CHIRAC HAVE HANDLED THE GAULLISTS WITH SKILL AND HAVE SUCCEEDED IN DAMPENING THEIR RESENTMENT. CHIRAC'S SPEECH DIRECTLY MET GAULLIST CONCERNS AND CONTAINED VIRTUALLY NOTHING TO WHICH THEY COULD OBJECT. SO FAR THERE HAVE BEEN NO PARLIAMENTARY DEFECTIONS, AND THE OUTLOOK IS FOR A CONTINUED SOLID ASSEMBLY MAJORITY FOR GISCARD'S PROGRAMS. FUTURE DEFECTIONS, IF THEY OCCUR, WILL PROBABLY BE LIMITED TO THE ULTRA-GAULLIST WING OF THE UDR WHICH DOES NOT NOW COMPRISE MORE THAN ABOUT 20-25 DEPUTIES.

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14. UDR'S SHRINKING APPEAL. THE UDR SEES ITS APPEAL SHRINKING ALONG WITH ITS AUDIENCE. IT HAS BEEN LEFT WITHOUT LEADERS; THE "BARONS" ARE FINISHED AS A DOMINANT POLITICAL FORCE. OLIVIER GUICHARD IS PROBABLY THE ONLY ONE WHO COULD PLAY AN IMPORTANT ROLE IN A FUTURE GISCARD GOVERNMENT. ITS PARTY ORGAN, LA NATION, CEASED PUBLICATION JULY 12. THE PARTIAL ELECTIONS (TO

BE HELD AT END OF SEPTEMBER) COULD RESULT IN A FURTHER DROP IN UDR STRENGTH AS IR AND CENTRIST CANDIDATES MAY RUN AGAINST SOME FORMER UDR MINISTERS. THE DAY FOLLOWING GISCARD'S PRESS CONFERENCE, IN A MOVE WITHOUT PRECEDENT, THE UDR ABSTAINED FROM ANY COMMENT. IT ALSO APPEARS THAT THE UDR NATIONAL ASSISES SCHEDULED FOR NOVEMBER WILL BE DELAYED UNTIL 1975 (WE HAVE HEARD THAT CHIRAC WAS OPPOSED AND ASKED SECRETARY GENERAL SANGUINETTI TO WAIT).

15. SANGUINETTI STATEMENT. AGAINST THIS BACKGROUND, THE JULY 12 STATEMENT OF SANGUINETTI GIVING PUBLICLY HIS UNCONDITIONAL ALLEGIANCE TO CHIRAC TAKES ON ADDED SIGNIFICANCE -- PARTICULARLY IF HE REMAINS AS UDR SECRETARY GENERAL. IT MARKS AN OFFICIAL END TO THE CONFLICT BETWEEN THE TWO MEN THAT BEGAN WITH POMPIDOU'S DEATH AND CHIRAC'S SUBSEQUENT MANEUVERS TO BLOCK CHABAN-DELMAS FROM SUCCEEDING TO THE ELYSEE. CHIRAC BECOMES IN EFFECT THE MASTER OF THE UDR PARTY APPARATUS.

16. JOBERT'S MOVEMENT. TO ACHIEVE HIS POLITICAL GOAL, GISCARD MUST COUNTER MICHEL JOBERT'S EFFORTS TO BUILD A NEW "CENTER-LEFT" POLITICAL MOVEMENT (REFTEL D). IN BLOCKING JOBERT, GISCARD WILL PROBABLY COUNT HEAVILY ON MINISTER OF JUSTICE AND CENTRIST LEADER JEAN LECANUET. JOBERT SEEMS TO BE TRYING TO APPEAL TO THE NATIONALISM AND ANTI-AMERICANISM OF A SMALL BUT INFLUENTIAL SEGMENT OF THE FRENCH PUBLIC. WHILE PARIS POLITICAL CIRCLES ARE SKEPTICAL ABOUT JOBERT'S POLITICAL FUTURE, IT IS POSSIBLE THAT HIS PERSONALITY AND CHARACTER COULD WIN HIM SIGNIFICANT, THOUGH LIMITED, PUBLIC SUPPORT.

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17. CENTER. GISCARD APPARENTLY PLANS A CONFERERATION

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OF THE IR AND ALL THE CENTRIST PARTIES. A PRELIMINARY
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STEP WAS THE FORMATION IN EARLY JULY OF THE THREE
PRINCIPAL CENTRIST GOUPS INTO A NEW COALITION OF 52
DEPUTIES: THE "REFORMATEURS, CENTRISTS AND SOCIAL
DEMOCRATS." THE CONFEDERATION MIGHT BE LOOSE ENOUGH TO
ALLOW THE CENTER PARTIES TO MAINTAIN THEIR SEPARATE
IDENTITY. AS PART OF GISCARD'S PLAN, HIS POLITICAL
LIEUTENANT AND CONFIDANT, INTERIOR MINISTER PONIATOWSKI,
WILL BE RESPONSIBLE FOR STRENGTHENING THE IR TO THE

POINT WHERE IT CAN FIELD CANDIDATES IN ALL OR MOST CIRCUMSCRIPTIONS IN THE NEXT LEGISLATIVE ELECTIONS. THIS WILL INCLUDE WINNING SOME UDR MEMBERS TO ABANDON GAULLIST RANKS FOR THE IR MOVEMENT.

18. LEFT. SINCE THE ELECTIONS THE UNITED LEFT HAS BEEN QUIETLY REGROUPING, WHILE REAPPRAISING BOTH GISCARD AND ITS OWN ELECTORAL POSSIBILITIES. THE LEFT HAS HAD A DIFFICULT TIME ATTACHING GISCARD AND SEEMS LIKELY TO CONTINUE TO GIVE HIM A PERIOD OF GRACE -- AT LEAST UNTIL AFTER ITS OCTOBER CONGRESSES. IT WILL BE DIFFICULT FOR THE LEFT TO EXPLOIT WAGE/PRICE ISSUES BEFORE NOVEMBER AT THE EARLIEST, AFTER THE GOVERNMENT'S ECONOMIC STABILIZATION MEASURES HAVE ALL BEEN PRESENTED. FOR THE MOMENT, ALTHOUGH INDIVIDUAL FEATURES OF GISCARD'S SOCIAL REFORM MEASURES HAVE COME UNDER ATTACK, THE LACK OF ASSEMBLY DEBATE HAS LIMITED THE LEFT TO MUTTERINGS IN ITS OWN TAME PRESS. ITS REACTION TO GISCARD'S PRESS CONFERENCE WAS NOTICEABLY MILD. ONE TEMPERING INFLUENCE ON ITS EVENTUAL REACTION TO GISCARD'S PROGRAM MAY BE A RESULT OF FEAR THAT DESPITE THE NARROWNESS OF MITTERRAND'S DEFEAT, THE LEFT IS A LONG WAY FROM COMING TO POWER IN FRANCE. IT MUST STILL OVERCOME POPULAR MISTRUST OF THE COMMUNISTS WITHIN THE MAINSTREAM OF THE FRENCH ELECTORATE. WHILE THE PCF HAS GAINED SOME DEGREE OF RESPECTABILITY FROM ITS MORE MODERATE STANCE DURING THE PRESIDENTIAL ELECTION CAMPAIGN, IT HAS A LONG WAY TO GO IN FRANCE TO OVERCOME THE IMAGE OF A MOSCOW-ORIENTED, TOTALITARIAN PARTY. ALSO, THE FRENCH VOTING SYSTEM AND EXTENSIVE GERRY-MANDINGER FAVOR GOVERNMENT PARTIES AND WORK TO THE PARTICULAR DISADVANTAGE OF THE COMMUNISTS. THEREFORE, MOST LEADERS OF THE UNITED LEFT FEEL THAT THE OPTIMAL

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TACTIC FOR THE FALL WOULD INVOLVE CREATION OF A DETAILED, PUBLICLY "SALABLE" COUNTER PROGRAM TO GISCARD'S ECONOMIC AND SOCIAL PLANS.

19. SOCIALIST PARTICIPATION. IT IS OBVIOUSLY GISCARD'S HOPE THAT EVENTUALLY SOME SOCIALISTS COULD RALLY TO THE GOVERNMENT. THE RECENT ENTRY OF MADAME GIROUD (REFTEL F) INDICATES HOW GISCARD HOPES TO BUILD A BRIDGE TO THE MODERATE NON-COMMUNIST LEFT. WHETHER THIS WILL BE POSSIBLE IS HARD TO ASSESS IN ADVANCE. SOME SOCIALISTS, UNHAPPY OVER THEIR PARTY'S ALLIANCE WITH THE PCF, EVENTUALLY MIGHT BE TEMPTED TO PARTICIPATE IN THE GOVERNMENT, IF GISCARD'S ECONOMIC PROGRAM IS SUCCESSFUL AND IF HE WERE TO OFFER THEM PARTICULARLY INTERESTING STATE SECRETARYSHIPS. EVEN SOME DEFECTIONS,

HOWEVER, WOULD NOT GREATLY WEAKEN THE UNITED LEFT COALITION WHICH WE EXPECT WILL HOLD TOGETHER AT LEAST THROUGH THE NEXT LEGISLATIVE ELECTIONS.

20. CONCLUSIONS. AS OF NOW, WE GIVE GISCARD A GOOD CHANCE TO ACHIEVE A NEW POLITICAL BALANCE. HIS POSSIBILITIES OF COPING WITH FRANCE'S MAJOR ECONOMIC PROBLEMS - INFLATION AND THE BALANCE OF TRADE IN THE SHORT AND MEDIUM TERM, AND GREATER ECONOMIC JUSTICE IN THE LONGER TERM, ARE LESS SURE. GISCARD BACKED THE CHOICE OF GROWTH OVER INFLATION CONTROL AS FINANCE MINISTER -- AND WAS ELECTED PRESIDENT NONETHELESS. IF CONTINUED HIGH RATES OF INFLATION ARE POLITICALLY DANGEROUS, GISCARD PROBABLY FEELS, LIKE POMPIDOU DID BEFORE HIM, THAT A REAL ECONOMIC SLUMP IS EVEN MORE DANGEROUS. GISCARD'S ECONOMIC AND SOCIAL REFORM MEASURES, EVEN IF NOT CARRIED VERY FAR, COULD HAVE SOME EFFECT IN REGAINING SUPPORT OF SOME CENTER-LEFT VOTERS. WORKERS AND THE BULK OF MITTERRAND'S ELECTORATE, HOWEVER, DO NOT EXPECT TOO MUCH OF GISCARD'S REFORM PROMISES NOR ARE THEY LIKELY TO REACT IN ANY DRASTIC WAY IF THEY ARE NOT CARRIED OUT. STONE

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